



CONNOR, CLARK & LUNN

CAPITAL MARKETS

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**Focused Global Trends Fund**

Semi-Annual Report

September 30, 2007

**Focused Global Trends Fund Message to Unitholders**

**November 29, 2007**

**Dear Investor,**

We are pleased to provide you with the first semi-annual report for Focused Global Trends Fund (the “Fund”) for the period from inception on July 19, 2007 to September 30, 2007.

The Fund has been designed to take advantage of the expertise of Carnegie Asset Management (“Carnegie”) of Copenhagen, Denmark in investing in global equities. Carnegie has one of the premier long-term track records of any global equity manager and believes that global equities identified using its unique investment approach will continue to provide excellent long-term investment returns.

Carnegie believes that global trends are important drivers in generating long-term stable growth in portfolio investments and that a focus on these trends will generate consistently strong results over a long-term investment horizon. The core trends around which its portfolio is currently focused include emerging markets growth, energy, infrastructure and climate change. Using these trends as an investment framework, Carnegie has constructed a focused portfolio of 25 to 30 stocks. The Fund’s portfolio is managed using the same investment approach that Carnegie has applied since 1986.

The period since launch has been characterized by volatility in the global capital markets. Notwithstanding the turbulence in the markets, the Fund has generated strong performance relative to its benchmark. From July 19, 2007 to September 30, 2007, the Fund generated a total return of 0.5%. In comparison, the MSCI World Index returned -5.3% in Canadian dollars over the same period. The significant outperformance by the Fund is attributable to Carnegie’s unique “benchmark agnostic” investment approach as well as positive contributions from currency hedges.

Please check our web site for quarterly investment updates and other timely information. We appreciate your investment in the Fund and look forward to good performance as the Fund matures.

Yours truly,



W. Neil Murdoch  
Chief Executive Officer  
Focused Global Trends Fund

# Management Report of Fund Performance

This semi-annual management report of fund performance contains financial highlights but does not contain the complete semi-annual financial statements of the investment fund. **The semi-annual financial statements and accompanying notes are attached to this report.**

## Investment Objectives and Strategy

The Focused Global Trends Fund (the “Fund”) is a closed-end investment fund that is listed on the Toronto Stock Exchange under the symbol FTF.UN. It was established under the laws of the Province of Ontario pursuant to a trust agreement dated June 28, 2007.

The Fund’s investment objectives are to:

- (i) provide holders of the Class A and Class F Units (“Unitholders”) with a stable stream of monthly cash distributions initially targeted to be \$0.04167 per Unit (representing a yield of approximately 5.0% per annum on the issue price of \$10.00 per Unit); and
- (ii) preserve and enhance the Net Asset Value per Unit of the Fund.

In order to achieve the Fund’s investment objectives, Carnegie (the “Investment Manager” or “Carnegie”), the Fund’s investment manager, invests the net proceeds of the Offering, in a portfolio (the “Portfolio”) consisting of equity securities of global companies.

## Recent Developments

There have been no material changes to the strategic position of the Fund since its launch. Carnegie continues to favour mega-cap, high quality global companies that it believes to be well-positioned to benefit from long-term structural growth trends around the world. As Carnegie continues to believe strongly in the rise of the emerging markets consumer in the foreseeable future, the outlook for the global economy remains promising even as the US consumer confidence continues to weaken. Consequently, Carnegie only anticipates a moderate slowdown in global economic growth. The Fund has a high proportion of global multi-national corporations which will continue to benefit through their exposure to global growth driven by emerging markets demand.

During 2007, a consistent pattern has emerged of large global companies reporting positive earnings surprises, led by strong developments in global growth. Despite this, valuation levels remain subdued. Carnegie believes that we are experiencing a special situation where P/Es for the very largest companies in the world, characterized by global profiles and more conservative capital structures, are lower than the P/Es for smaller companies. It is therefore possible to obtain a good long-term return in this segment without incurring a major fundamental risk. Carnegie sees this as one of the best opportunities in the equity market at this time. The combination of positive earnings revisions, exposure to global growth, under-leveraged balance sheets and decent valuations in an overall equity market built on a foundation of buoyant liquidity is a powerful investment combination, and the Fund is well positioned to benefit from it.

Exposure to global infrastructure companies is a core theme in the Fund and Carnegie’s conviction level regarding global infrastructure investments remains high. It is highly likely that the massive fixed asset investments we have seen will continue in spite of a slowdown in the US economy. Emerging markets will require many years of heavy investments in infrastructure in order for them to attain the present Western standards. Carnegie anticipates long term stock picking opportunities for global concession companies, engineering and construction companies as well as selected companies in the capital goods industry. Furthermore there will be considerable spill-over effects for industries which supply the raw materials and other goods and services.

Carnegie is conscious of the risk involved in this structural, longer-term global trend. The realization of these massive infrastructure projects is dependent on the continued stability of the socio-economic and political situation and a continuation of the overall trend of globalization. China plays an important role not only by virtue of its size, but also as a role model for other countries wishing to move towards a more liberal and capitalistic type of society. Therefore developments in China will be one of the key risk indicators Carnegie will closely monitor going forward.

## **Results of Operations**

As the Fund is a “best ideas” stock-picking portfolio, performance comes from stock selection. The significant factors that have affected performance are a combination of the impact of the long-term growth themes (i.e, emerging markets growth, global infrastructure, energy, climate change), and individual stock selection.

The Fund invests in mega-cap, high quality global companies that generate strong free cash flow, have dominant market positioning and growth prospects, and are well-run by shareholder-friendly management teams.

The Fund’s strong relative outperformance during the period was driven by a number of companies, including Esprit, Cisco, and Nestlé. Esprit continues to successfully implement its management’s strategy to expand in Europe outside of Germany, which currently accounts for nearly half its global revenues, and to penetrate North American markets. Esprit exemplifies what Carnegie looks for in a stock: a truly global business with strong market positioning and growth prospects, run by a shareholder-friendly management team. Cisco has quietly re-emerged as the world’s dominant player in global data traffic solutions. Corporate and telecom sectors are investing capital in internet infrastructure and Cisco is meeting that demand better than any other global company. The recent performance for Nestlé, the Swiss conglomerate, was driven by a strong earnings report which also included a positive fundamental outlook.

To reduce cyclical risk, the portfolio’s position in Caterpillar was sold and replaced with Procter & Gamble. Carnegie continues to be very positive on the long-term fundamental demand for Caterpillar’s products and services around the globe. However, the increased risk of a US recession will likely result in negative fundamental headwinds for Caterpillar resulting in a higher likelihood for lower share price returns. Caterpillar’s management subsequently confirmed this view during their third quarter earnings release. Conversely, the underlying demand for household products and other staple consumer goods will likely remain solid, a development from which Procter & Gamble will benefit. The company is a high quality mega-cap company with an attractive valuation relative to the overall market.

### ***Investment Income and Capital Gains***

During the period from July 19, 2007 (commencement of operations) to September 30, 2007, the Fund had net investment loss of \$86,139. In addition, the portfolio realized \$382,971 in losses on investments sold and had \$716,235 in unrealized gains. The Investment loss, realized loss and unrealized gain combined for a total increase in net assets from operations of \$247,125, or \$0.05 per Unit. Distributions to unitholders during same period totalled \$502,850 or \$0.10 per Unit.

### ***Leverage***

The Fund’s loan facility is for working capital purposes. Borrowings by the Fund shall not exceed 5% of the Net Asset Value of the Fund at the time of borrowing.

### ***Liquidity and Capital Resources***

As at September 30, 2007, the Fund had current assets excluding investments of \$2,352,160. Current liabilities, including distributions accrued but not yet paid, totalled \$815,052.

## ***Capital transactions***

On July 19, 2007, the Fund completed an initial public offering pursuant to the prospectus dated June 28, 2007. \$48,057,000 was raised through the issue of 4,805,700 Class A Combined Units at \$10.00 per Unit, and \$1,943,000 was raised through the issue of 194,300 Class F combined Units at a price of \$10.00 per combined Unit for aggregate gross proceeds of \$50 million. On August 20, 2007, Class A Combined Units and Class F Combined Units were separated, where each Class A Combined Unit commenced trading separately on the Toronto Stock Exchange as one Class A Unit and one-half of a transferable Warrant for one Class A Unit, and each Class F Combined Unit separated into transferable Class F Unit and one-half of a transferable Warrant for one Class F Unit.

## **Distributions**

The Fund has made all its scheduled distributions during the period from July 19, 2007 (commencement of operations) to September 30, 2007, paying \$0.10057 per Class A Unit and Class F Unit respectively. The Fund paid an initial distribution of \$0.0589 and one regular monthly distribution of \$0.04167 to holders of record September 30, 2007.

## **Related Party Transactions**

### ***Investment Portfolio Activity***

The Fund has investments in two funds management by Carnegie: Carnegie Worldwide Asian Fund and Carnegie Worldwide Eastern European Fund. These funds are held in accordance with Carnegie's investment policies and procedures and as such are subject to the same criteria and restrictions as all other portfolio holdings. Investing in these funds offers the Fund the opportunity to achieve long-term capital growth from a diversified portfolio of securities, mostly quoted equities of Asian and Central and East European companies identified by Carnegie. The Manager and the Investment Manager believe that neither Pier 21, Carnegie nor any of its directors, officers or employees derive any measurable benefit from the Fund's holding of these funds and are confident that the positions were acquired solely based on investment considerations and in the best interests of unitholders. Carnegie does not receive fees from the Fund's investment in these funds.

### ***Management Fees***

Pursuant to a trust agreement ("the Trust Agreement") the Fund retained Connor, Clark & Lunn Capital Markets Inc. ("the Manager") to act as manager. As compensation for coordinating the organization of and managing the ongoing business and administrative affairs of the Fund, the Manager is entitled to an annual management fee in an amount equal to 1.10% per annum of the net asset value of the Fund to be calculated and payable monthly in arrears, plus applicable taxes.

The total management fees charged to the Fund during the period from July 19, 2007 (commencement of operations) to September 30, 2007 were \$112,439.

The Manager pays the Investment Manager out of the above management fees.

## **New Accounting Standards**

National Instrument 81-106 "Investment Fund Continuous Disclosure" requires the net asset value of the Fund be calculated in accordance with Canadian generally accepted accounting principles ("GAAP").

The Canadian Institute of Chartered Accountants ("CICA") has issued Section 3855, Financial Instruments: Recognition and Measurement, effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006. The adoption of this section will impact the valuation and disclosure of the net asset value ("NAV") of the Fund, and the way transaction costs are recorded for financial reporting purposes.

Section 3855 requires that the fair value of financial instruments which are traded in active markets be measured based on the bid price for long securities and the ask price for securities held short. Prior to this new section, the fair value was based on the last traded price for the day, when available. The impact of adopting the amended policy is not material to the financial statements.

Section 3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities be charged to net income in the period. Prior to this new section, these costs have been added to the cost of the securities purchased or deducted from the proceeds of sale. Adoption of this policy is not expected to have a material impact to the financial statements and does not impact the daily price of the Fund.

On July 19, 2007, the Fund adopted Section 3855 on a prospective basis for financial reporting purposes (“GAAP NAV”).

The Canadian Securities Administrators have granted temporary relief to investment funds from complying with Section 3855, for the purpose of calculating and reporting of NAV (“Trading NAV”) (other than for financial reporting purposes) until September 30, 2008, to permit review of the suitability of these financial reporting requirements for purposes other than the financial statements, such as the purchase and redemption price of an investment fund.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to aid in understanding the Fund's financial performance since inception. This information is derived from the Fund's audited annual and unaudited semi-annual financial statements:

The Fund's Net Asset Value per share:	Class A	Class F
	September 30, 2007 <sup>(1)</sup>	September 30, 2007 <sup>(1)</sup>
<b>Net Asset Value, beginning of period</b>	<b>10.00</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>		
Total revenues	0.03	0.03
Total expenses	(0.04)	(0.03)
Share issue expense <sup>(2)</sup>	(0.65)	(0.33)
Realized gains (losses) for the period	(0.08)	(0.08)
Unrealized gains (losses) for the period	0.14	0.15
<b>Total increase (decrease) from operations <sup>(3)</sup></b>	<b>(0.60)</b>	<b>(0.26)</b>
<b>Distributions:</b>		
From income (excluding dividends)	—	—
From dividends	(0.10)	(0.10)
From capital gains	—	—
Return of capital	—	—
<b>Total Distributions <sup>(4)</sup></b>	<b>(0.10)</b>	<b>(0.10)</b>
<b>Net Asset Value, end of period <sup>(5), (6)</sup></b>	<b>9.30</b>	<b>9.62</b>

<sup>(1)</sup> Results for the period from July 19, 2007 (commencement of operations) to September 30, 2007.

<sup>(2)</sup> Issue expense of \$3,188,710 incurred in connection with the share issuance. The full amount of issue expenses was deducted from the retained earnings for accounting purposes and is amortized over a period of five years for tax purposes.

<sup>(3)</sup> Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase / decrease from operations is based on the weighted average number of shares outstanding over the financial period.

<sup>(4)</sup> The percentages used to allocate distributions among income, dividends, capital gain and return on capital are based on estimates.

<sup>(5)</sup> This is not reconciliation between the opening and the closing net asset values per unit.

<sup>(6)</sup> The NAV as of September 30, 2007 represents the GAAP NAV. The Trading NAV net of section 3855 adjustment for Class A and Class F were \$9.30 and \$9.65 respectively. (See: New Accounting Standards)

Ratios and Supplemental Data:	Class A	Class F
	September 30, 2007 <sup>(1)</sup>	September 30, 2007 <sup>(1)</sup>
Net assets (000's)	44,686	1,869
Number of units outstanding	4,805,700	194,300
Base Management expense ratio <sup>(2) (3)</sup>	2.12%	1.58%
Issue expenses ratio <sup>(2) (3)</sup>	7.30%	3.58%
Management expense ratio (annualized) <sup>(3)</sup>	10.11%	5.85%
Management expense ratio before waivers or absorptions (annualized) <sup>(3)</sup>	10.11%	5.85%
Portfolio turnover rate <sup>(4)</sup>	5.20%	5.20%
Trading expense ratio <sup>(5)</sup>	0.69%	0.69%
Closing market price (TSX)	9.30	—

<sup>(1)</sup> Results for the period from July 19, 2007 (commencement of operations) to September 30, 2007.

<sup>(2)</sup> A separate base management expense ratio has been presented to include the normal operating expenses and exclude the issue expenses, interest expenses and brokerage commissions included in the income statement as per section 3855 requirements.

<sup>(3)</sup> Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period. Unit issue expenses, representing all Agents' fees and other offering expenses, which are one-time expenses, are not annualized. Issue expense ratio calculated by using gross proceeds is 6.50% for Class A and 3.31% for Class F.

<sup>(4)</sup> The Fund's turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund's buying and selling all of the securities in its portfolio once in the course of the year. There is not necessarily a relationship between turnover rate and the performance of the Fund.

<sup>(5)</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

## Summary of Investment Portfolio as of September 30, 2007

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund.  
A quarterly update is available at [www.cclcapitalmarkets.com](http://www.cclcapitalmarkets.com) and at [www.sedar.com](http://www.sedar.com).

	Market Value \$	% of NAV
<b>Portfolio by Category</b>		
USA	8,571,870	18.4%
Switzerland	6,954,729	14.9%
United Kingdom	5,653,681	12.1%
Germany	5,144,768	11.0%
France	4,657,736	10.0%
Japan	3,895,141	8.4%
Hong Kong	3,591,118	7.7%
Cash & cash equivalents	2,297,259	4.9%
India	1,746,671	3.8%
Mutual Funds	2,401,341	2.8%
Singapore	1,251,791	2.7%
Forward currency contracts	1,149,612	2.5%
<b>Top 25 Holdings</b>		
E.ON AG	3,215,002	6.9%
British American Tobacco	2,906,812	6.2%
Electricite de France	2,828,891	6.1%
Japan Tobacco Inc.	2,547,341	5.5%
Nestle SA	2,404,220	5.1%
Cash & cash equivalents	2,297,259	4.9%
China Petroleum & Chemical Corporation	1,853,439	4.0%
Total SA	1,828,845	3.9%
ICICI Bank Ltd. ADR	1,746,671	3.8%
Esprit Holdings Ltd.	1,737,679	3.7%
Roche Holding (Genus)	1,714,046	3.7%
Cisco Systems Inc.	1,677,972	3.6%
Rio Tinto Plc	1,616,228	3.5%
Holcim Ltd.	1,442,825	3.1%
Praxair Inc.	1,431,596	3.1%
Carnegie Worldwide Asian	1,423,336	3.1%
Novartis AG	1,393,638	3.0%
Canon Inc.	1,347,800	2.9%
United Overseas Bank Ltd.	1,251,791	2.7%
General Electric Company	1,208,908	2.6%
AFLAC Corp.	1,161,953	2.5%
Foreign currency forward contracts	1,149,612	2.5%
Diageo	1,130,641	2.4%
Procter & Gamble	1,104,213	2.4%
Transocean Sedco Forex Inc.	1,089,291	2.3%
<b>Net asset value (NAV)</b>	<b>\$ 46,555,565</b>	

## **Focused Global Trends Fund**

Financial Statements (Unaudited)  
**September 30, 2007**

***Notice to Reader:***

*These interim financial statements and related notes for the six-month period ending September 30, 2007 have been prepared by Management of Connor, Clark & Lunn Capital Markets Inc. The auditors of the Fund have not audited or reviewed these interim financial statements.*

# Focused Global Trends Fund

Statement of Net Assets (Unaudited)

As at September 30 2007

	\$
<b>Assets</b>	
Cash	2,297,259
Investments at market value (cost - \$44,299,461)	43,868,846
Unrealized gain on foreign forward currency contracts (note 11)	1,149,612
Dividends receivable	54,901
	<u>47,370,618</u>
<b>Liabilities</b>	
Distributions payable	208,350
Accounts payable and accrued liabilities	565,228
Management fees payable (note 8)	41,475
	<u>815,053</u>
<b>Net Assets and Unitholders' Equity</b>	<u>46,555,565</u>
<b>Unitholders' Equity</b>	
Unit capital (note 5)	50,000,000
Surplus (deficit)	<u>(3,444,435)</u>
<b>Total Unitholders' Equity</b>	<u>46,555,565</u>
<b>Class Net Assets</b>	
Class A	44,686,421
Class F	1,869,144
	<u>46,555,565</u>
<b>Units Outstanding</b>	
Class A	4,805,700
Class F	194,300
	<u>5,000,000</u>
<b>Net Asset Value per Unit</b>	
Class A	9.30
Class F	<u>9.62</u>

Approved by the Manager



Director



Director

# Focused Global Trends Fund

Statement of Operations (Unaudited)

For the period from July 19, 2007 (commencement of operations) to September 30, 2007

	\$
<b>Income</b>	
Dividends	138,186
Interest	37,346
Withholding taxes	(17,011)
	<u>158,521</u>
<b>Expenses</b>	
Management fees (note 8)	112,439
Broker commission charges	60,207
Service fees (note 8)	36,407
Custodial and other unitholders' fees	8,500
Audit fees	7,181
Legal fees	3,000
Board of Advisors fees	4,495
Printing fees	3,192
Transfer agent fees	3,191
Listing fees	3,016
Filing fees	3,032
	<u>244,660</u>
<b>Investment income (loss) for the period</b>	<u>(86,139)</u>
<b>Net realized gain (loss) on investments</b>	
Net realized gain (loss) on investments	(302,814)
Net realized gain (loss) on foreign exchange	(80,157)
	<u>(382,971)</u>
<b>Net unrealized gain (loss) on investments</b>	
Change in unrealized gain (loss) on investments	(430,615)
Change in unrealized gain (loss) on foreign exchange forward contracts	1,149,612
Change in unrealized gain (loss) on foreign exchange	(2,762)
	<u>716,235</u>
<b>Net gain (loss) on investments</b>	<u>333,264</u>
<b>Increase (decrease) in net assets from operations per Class:</b>	
Class A	237,178
Class F	9,947
	<u>247,125</u>
<b>Increase (decrease) in net assets from operations per Class A unit *</b>	0.05
<b>Increase (decrease) in net assets from operations per Class F unit *</b>	<u>0.05</u>
<b>Distributions paid per Class A unit</b>	0.10
<b>Distributions paid per Class F unit</b>	<u>0.10</u>

\* (based on average number of units outstanding during the period)

## Focused Global Trends Fund

Statement of Changes in Net Assets and Surplus (Unaudited)

For the period from July 19, 2007 (commencement of operations) to September 30, 2007

	Class A \$	Class F \$	Total \$
<b>Increase (decrease) in net assets from operations</b>	237,178	9,947	247,125
<b>Distributions to unitholders from:</b>			
Net investment income	(483,309)	(19,541)	(502,850)
	(483,309)	(19,541)	(502,850)
<b>Unitholders' transactions:</b>			
Proceeds from issue of units (note 5)	48,057,000	1,943,000	50,000,000
Agents' fees and issue expenses	(3,124,448)	(64,262)	(3,188,710)
	44,932,553	1,878,738	46,811,290
<b>Change in net assets during the period</b>	44,686,421	1,869,144	46,555,565
<b>Net assets - Beginning of period</b>	-	-	-
<b>Net assets - End of period</b>	44,686,421	1,869,144	46,555,565
<b>Surplus (deficit), beginning of period</b>	-	-	-
Increase (decrease) in net assets from operations	237,178	9,947	247,125
Distributions to unitholders	(483,309)	(19,541)	(502,850)
Agents' fees and issue expenses	(3,124,448)	(64,262)	(3,188,710)
<b>Surplus (deficit), end of period</b>	(3,370,579)	(73,856)	(3,444,435)

## Focused Global Trends Fund

Statement of Cash Flow (Unaudited)

For the period from July 19, 2007 (commencement of operations) to September 30, 2007

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	\$
<b>Operating Activities</b>	
Increase (decrease) in net assets from operations	247,125
Items not affecting cash:	
Net realized (gain) loss on investments	302,814
Change in unrealized (gain) loss on investments	430,615
Change in unrealized (gain) loss on foreign exchange forward contracts	(1,149,612)
Changes in non-cash working capital	
(Increase) decrease in interest and dividends receivable	(54,901)
(Increase) decrease in prepaid expenses	-
Increase (decrease) in accounts payable and accrued liabilities	565,228
Increase (decrease) in management fees payable	41,475
	<hr/>
<b>Net cash flow provided by (used in) operating activities</b>	<b>382,744</b>
<b>Investing Activities</b>	
Cost of investments purchased	(46,772,261)
Proceeds from investments sold	2,169,986
	<hr/>
<b>Net cash provided by (used in) investing activities</b>	<b>(44,602,275)</b>
<b>Financing Activities</b>	
Proceeds from issuance of units	50,000,000
Distributions to unitholders	(294,500)
Unit issue costs	(3,188,710)
	<hr/>
<b>Net cash flow provided by (used in) financing activities</b>	<b>46,516,790</b>
<b>Net increase (decrease) in cash and short-term investments</b>	<b>2,297,259</b>
<b>Cash - beginning of period</b>	<b>-</b>
	<hr/>
<b>Cash - end of period</b>	<b>2,297,259</b>
	<hr/>

## Focused Global Trends Fund

Statement of Investment Portfolio (Unaudited)

As at September 30, 2007

	Par Value / Quantity	Average Cost \$	Market Value \$	% of NAV
<b>Investments</b>				
<b>Global Equities</b>				
<b>France</b>				
Electricite de France	27,000	2,992,790	2,828,891	6.1%
Total SA	22,700	2,004,468	1,828,845	3.9%
		4,997,258	4,657,736	10.0%
<b>Germany</b>				
Allianz AG	4,250	1,042,169	984,211	2.1%
E.ON AG	17,500	3,061,179	3,215,002	6.9%
Siemens AG	6,925	1,085,616	945,555	2.0%
		5,188,965	5,144,768	11.0%
<b>Hong Kong</b>				
Esprit Holdings Ltd	110,000	1,533,857	1,737,679	3.7%
China Petroleum & Chemical Corporation	1,500,000	1,670,843	1,853,439	4.0%
		3,204,700	3,591,118	7.7%
<b>India</b>				
ICICI Bank Ltd. ADR	33,500	1,836,155	1,746,671	3.8%
<b>Japan</b>				
Canon Inc	25,000	1,547,092	1,347,800	2.9%
Japan Tobacco Inc	468	2,558,151	2,547,341	5.5%
		4,105,243	3,895,141	8.4%
<b>Singapore</b>				
United Overseas Bank Ltd.	85,000	1,358,879	1,251,791	2.7%
<b>Switzerland</b>				
Holcim Ltd	13,200	1,537,742	1,442,825	3.1%
Nestle SA	5,425	2,249,746	2,404,220	5.1%
Novartis AG	25,500	1,448,790	1,393,638	3.0%
Roche Holding (Genus)	9,550	1,846,288	1,714,046	3.7%
		7,082,566	6,954,729	14.9%
<b>United Kingdom</b>				
British American Tobacco	82,000	2,862,060	2,906,812	6.2%
Diageo	52,000	1,143,147	1,130,641	2.4%
Rio Tinto Plc	18,900	1,533,079	1,616,228	3.5%
		5,538,286	5,653,681	12.1%

## Focused Global Trends Fund

Statement of Investment Portfolio ... Continued (Unaudited)

As at September 30, 2007

	Par Value / Quantity	Average Cost \$	Market Value \$	% of NAV		
<b>USA</b>						
AFLAC Corp.	20,500	1,118,154	1,161,953	2.5%		
Altria Group Inc	13,000	965,613	897,937	1.9%		
Cisco Systems Inc	51,000	1,592,131	1,677,972	3.6%		
General Electric Company	29,400	1,242,772	1,208,908	2.6%		
Praxair Inc	17,200	1,393,329	1,431,596	3.1%		
Procter & Gamble	15,800	1,089,765	1,104,213	2.4%		
Transocean Sedco Forex Inc	9,700	1,095,611	1,089,291	2.3%		
		<u>8,497,374</u>	<u>8,571,870</u>	<u>18.4%</u>		
<b>Total Global Equities</b>		<u>41,809,427</u>	<u>41,467,505</u>	<u>89.0%</u>		
<b>Mutual Funds</b>						
Carnegie Worldwide Asien	41,600	1,504,838	1,423,336	3.1%		
Carnegie Worldwide Østeuropa	16,500	985,196	978,005	2.1%		
Total mutual funds		<u>2,490,034</u>	<u>2,401,341</u>	<u>5.2%</u>		
<b>Total investments</b>		<u>44,299,461</u>	<u>43,868,846</u>	<u>94.2%</u>		
	<b>Maturity date</b>	<b>Number of contracts</b>	<b>Contract price / rate \$</b>	<b>Market value \$</b>	<b>Unrealized gain (loss) \$</b>	<b>% of NAV</b>
<b>Foreign currency forward contracts</b>						
Bought CAD 6,805,703 sold CHF 7,790,000	12/21/07	1	0.87360	6,922,682	116,979	0.3%
Bought CAD 9,373,277 sold EUR 6,510,000	12/21/07	1	1.43980	9,508,611	135,334	0.3%
Bought CAD 5,445,268 sold GBP 2,560,000	12/21/07	1	2.12710	5,700,228	254,962	0.5%
Bought CAD 3,242,130 sold HKD 24,210,000	12/21/07	1	0.13390	3,388,754	146,624	0.3%
Bought CAD 3,786,496 sold JPY 423,710,000	12/21/07	1	0.00890	3,870,092	83,596	0.2%
Bought CAD 8,339,364 sold USD 7,980,000	12/21/07	1	1.04500	8,751,481	412,117	0.9%
<b>Total foreign currency forward contracts</b>					<u>1,149,612</u>	<u>2.5%</u>
<b>Other assets less other liabilities</b>					<u>1,537,107</u>	<u>3.3%</u>
<b>Net asst value (NAV)</b>					<u>46,555,565</u>	<u>100.0%</u>

# Focused Global Trends Fund

## Notes to Financial Statements

September 30, 2007

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### 1 Formation of Fund

Focused Global Trends Fund (the "Fund") is an investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated as of June 28, 2007 (the "Trust Agreement") between Connor, Clark & Lunn Capital Markets Inc. (the "Manager") in its capacity as manager and RBC Dexia Investor Services Trust (the "Trustee") as trustee. The Manager was incorporated under the Business Corporations Act (Ontario) on January 15, 2001 and is wholly owned by CC&L Capital Markets Partnership.

### 2 Investment objectives

The Fund's investment objectives as set out in the Prospectus dated June 28, 2007 are to (i) provide holders of the Units ("Unitholders") with a stable stream of monthly cash distributions initially targeted to be \$0.04167 per Unit (representing a yield of approximately 5.0% per annum on the issue price of \$10.00 per Unit); (ii) preserve and enhance the net asset value per Unit of the Fund.

In order to achieve the Fund's investment objectives, Carnegie (the "Investment Manager"), the Fund's investment manager, invested the net proceeds of the Offering, in a portfolio (the "Portfolio") consisting of equity securities of global companies.

### 3 Summary of significant accounting policies

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, which require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Actual results could differ from these estimates.

#### New Accounting Standards

National Instrument 81-106 "Investment Fund Continuous Disclosure" requires the net asset value of the Fund be calculated in accordance with Canadian generally accepted accounting principles ("GAAP").

The Canadian Institute of Chartered Accountants ("CICA") has issued Section 3855, Financial Instruments: Recognition and Measurement, effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006. The adoption of this section will impact the valuation and disclosure of the net asset value ("NAV") of the Fund, and the way transaction costs are recorded for financial reporting purposes.

Section 3855 requires that the fair value of financial instruments which are traded in active markets be measured based on the bid price for long securities and the ask price for securities held short. Prior to this new section, the fair value was based on the last traded price for the day, when available. The impact of adopting the amended policy is not material to the financial statements.

Section 3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities be charged to net income in the period. Prior to this new section, these costs have been added to the cost of the securities purchased or deducted from the proceeds of sale. Adoption of this policy is not expected to have a material impact to the financial statements and does not impact the daily price of the Fund.

The Canadian Securities Administrators have granted temporary relief to investment funds from complying with Section 3855, for the purpose of calculating and reporting of NAV ("Trading NAV")(other than for financial reporting purposes) until September 30, 2008, to permit review of the suitability of these financial reporting requirements for purposes other than the financial statements, such as the purchase and redemption price of an investment fund.

On July 19, 2007, the Fund adopted Section 3855 for financial reporting purposes ("GAAP NAV"). The reconciliation between the Trading NAV and the GAAP NAV as a result of the adoption of Section 3855 is as follows:

	<u>Trading NAV</u>	<u>Section 3855 Adjustment</u>	<u>GAAP NAV</u>
<b>Net Asset Value</b>			
September 30, 2007			
Class A Units	44,704,700	(18,279)	44,686,421
Class F Units	1,875,450	(6,306)	1,869,144
	<u>46,580,150</u>	<u>(24,585)</u>	<u>46,555,565</u>
<b>Net Asset Value Per Unit</b>			
September 30, 2007			
Class A Units	9.30	-	9.30
Class F Units	9.65	(0.03)	9.62

# Focused Global Trends Fund

## Notes to Financial Statements

September 30, 2007

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### Valuation of investments

Short-term investments are carried at cost, which together with interest receivable approximates market value. Other investments are recorded at their quoted market value, being the bid price recorded by the securities exchanges on which such investments are principally traded.

### Investment transactions

Investment transactions are recorded on the trade date. Realized gains or losses on sales of investments are determined based on the average cost of investments.

### Income recognition

Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date.

### Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the end of the period. Purchases and sales of investments and income and expenses are translated into Canadian dollars at the exchange rate prevailing on the transaction dates.

### Foreign currency forward contracts

The Fund may enter into foreign currency forward contracts to hedge against exposure to foreign currency fluctuations. The carrying value of these contracts is the gain or loss that would be realized if the position were closed out on the valuation date, and is recorded as an unrealized gain or loss. Upon closing of a contract, the gain or loss is recorded as a net realized gain or loss on foreign currency forward contracts.

### Unit valuation

Units of the Fund are valued at the net asset value per unit of the Fund. The net asset value per unit is determined by dividing the aggregate market value of net assets of the Fund by the total number of units of the Fund outstanding before giving effect to redemptions or subscriptions for units on that day.

## 4 Market Purchase Program

In accordance with the Fund's prospectus, and to enhance liquidity and to provide support to the units, the Fund has a mandatory market purchase program under which the Fund, subject to exceptions contained in the Trust Agreement and in compliance with any regulatory requirements, is obligated to purchase its own units for cancellation. If, on any business day, the closing price of the units is less than 95% of the net asset value per unit determined by the trustee as at the most recent valuation date, the Fund will offer to purchase for cancellation any units offered in the market at or below 95% of the net asset value per unit on the following business day. The maximum number of units to be purchased in any quarterly period will not be over 1.25% of the number of units outstanding at the beginning of such period.

## 5 Units of the Fund

Units of the Fund were offered to the public by way of prospectus. The Fund is authorized to issue an unlimited number of transferable, redeemable Fund combined units of Class A Combined Units and Class F Combined Units (subject to restrictions set forth in the Prospectus). Each Class A Combined Unit consists of one Class A Unit and one-half of a transferable warrant for one Class A Unit. Each whole Warrant for one Class A Unit entitles the holder to purchase one Class A Unit at a subscription price of \$10.25 on January 30, 2009 or July 30, 2010. Each whole Warrant for one Class F Unit entitles the holder to purchase one Class F Unit at a subscription price of \$10.25 on January 30, 2009 or July 30, 2010. The only differences between Class A Units and Class F Units are the Agent's fees payable on the issuance of Units of each class and that the Service Fee component of the management fees is only payable in respect of Class A Units.

Units may be surrendered for redemption in any month. Units properly surrendered for redemption by a Unitholder by 5:00 p.m. (Toronto time) on the 10<sup>th</sup> business day before the last business day of a month will be redeemed on the last day of that month ("Monthly Redemption Date") and the Unitholder will receive payment on or before the 15<sup>th</sup> business day following such Monthly Redemption Date, subject to the Fund's right to suspend redemptions in certain circumstances.

A Unitholder who properly surrenders a Unit for redemption will receive the amount, if any, equal to the lesser of (A) 96% of the weighted average trading price of the Units on the TSX during the 15 trading days preceding the applicable Monthly Redemption Date, and (B) the "closing market price" of the Units on the principal market on which the Units are quoted for trading in the applicable Monthly Redemption Date. The "closing market price" shall be an amount equal to (i) the closing price of the Units if there was a trade on the applicable Monthly Redemption Date and the market provides a closing price; (ii) the average of the highest and lowest prices of the Units if there was trading on the applicable Monthly Redemption Date and the market provides only the highest and lowest prices of the Units traded on a particular day; or (iii) the average of the last bid and last asking prices of the Units if there was no trading on the applicable Monthly Redemption Date.

Commencing in 2009, Units may be redeemed on the last business day of October in each year (the "Redemption Date"), subject to the Fund's right to suspend redemptions, for a redemption price per Unit (the "Annual Redemption Amount") based on the NAV per Unit less any costs of funding the redemption and the Unitholder will receive payment on or before the 15th day following the Redemption Date. Notice of Redemption must be provided between 45 days and the 20th business day before the Redemption Date (the "Notice Period").

Redeeming Unitholders will be entitled to receive a redemption price per Unit based on the NAV per Unit determined as of the Redemption Date. Any unpaid distribution payable on or before the Redemption Date in respect of Units tendered for redemption on such Redemption Date will also be paid on the same day as the redemption proceeds are paid. The NAV per Unit will vary depending on a number of market factors, including interest rates and volatility in the equity markets. If the Fund is extended beyond the Termination Date, Unitholders may redeem their Units on July 31, 2017 (the "Termination Date") for the NAV as of that date.

# Focused Global Trends Fund

## Notes to Financial Statements

September 30, 2007

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Changes in outstanding units are summarized as follows:

	Number of units	
	Class A	Class F
Balance – July 19, 2007	–	–
Units issued	4,805,700	194,300
Units redeemed	–	–
Balance – September 30, 2007	<u>4,805,700</u>	<u>194,300</u>

### 6 Fund administration

Pursuant to a Trust Agreement, the Fund has retained RBC Dexia Investor Services Trust to act as custodian (the “Custodian”) of the assets of the Fund. The Custodian carries out certain aspects of the day-to-day administration of the Fund, including calculating NAV, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund.

### 7 Distributions

The fund has made all its scheduled distributions paying \$0.10057 for the period from July 19, 2007 (commencement of operations) to September 30, 2007.

### 8 Management fees and other expenses

Pursuant to a management agreement (“the Management Agreement”) the Fund has retained Connor, Clark & Lunn Capital Markets Inc. (“the Manager”) to act as manager. As compensation for management services rendered to the Fund, the Manager receives an annual management fee in an amount equal to 1.1% of the net asset value of the Fund, calculated and paid monthly in arrears, plus applicable taxes. The Fund also pays a service fee to dealers whose clients hold Units in the Fund. The service fee is calculated and payable each calendar quarter in arrears and is equal to 0.40% annually of the net asset value of the Units held by clients of the dealers. The Fund is also responsible for all expenses incurred in connection with its operation and administration.

### 9 Income taxes

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its investment income, including net realized capital gains, for any calendar year in which its net investment income or sufficient net realized capital gains are not paid or payable to its unitholders as at the end of the calendar year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to unitholders on a calendar year basis such that Canadian income taxes payable by the Fund under present legislation will be minimized. As a result thereof, and of the deduction of expenses in computing its taxable income, no provisions for income taxes are made in the financial statements.

### 10 Broker commission charges and soft dollar services

There were \$60,207 broker commissions paid during the period from July 19, 2007(commencement of operations) to September 30, 2007 in connection with portfolio transactions. No contractual arrangements for soft dollar services exist in the broker commission charges.

### 11 Foreign currency forward contracts

The Fund employs derivatives for the purpose of hedging foreign currency exposure, with at least 80% of the value of the Portfolio’s non-Canadian currency exposure having been hedged to the Canadian dollar at any time. The counterparty to the foreign currency forward contract is BMO Capital Markets which is part of Bank of Montreal whose credit rating is AA– as of September 30, 2007.